

11.02.00.00 - CLOSURE PROCEDURE

11.02.01.00 General

Upon execution of a R/W Contract or recordation of an FOC, the Acquisition Agent (or Condemnation Agent for an FOC) shall send an MOS, RW 8-12, to Property Management with a copy of the R/W Contract or FOC as appropriate. Property Management should assign the parcel to the Agent responsible for the territory. The Agent shall review and be familiar with the documents and the appraisal involved.

In the majority of cases where property is acquired under R/W Contract, there will be a period of time, usually three to six weeks, between receipt of these documents and close of escrow or recordation. Whenever possible, the Agent should contact the occupants prior to close of escrow to discuss the terms of rental occupancy. The Agent should read the R/W Contract carefully to determine any special conditions imposed that might affect, for example, the rental rate, term of occupancy, rental commencement date, or special disposition of acquired property.

Where property is acquired through an FOC, the Agent shall take immediate action to contact the occupants since rental commences on the day following recordation of the FOC.

11.02.02.00 Determination of Rentable Properties

Properties shall be considered rentable if re-rental is appropriate and there is a high probability that a tenant can be found. Pertinent factors to consider in determining rentability include topography, zoning, accessibility, lead time, availability of utilities, size and location of parcel, and condition and nature of improvements.

11.02.03.00 Contact With Grantor and/or Tenant

The Agent shall accomplish the following upon initial contact with the grantor or tenant:

- Determine existing rental rate, if any.
- Determine current rental period, (e.g., rent paid monthly and due dates).

- Determine if rent is prepaid, up to and including what date.
- Determine who is responsible for payment of various utilities (water, gas, electricity, sewer, and garbage).
- Complete the Rental Application.
- Advise tenant of policies regarding security deposit, or transfer of deposit from grantor at time of close of escrow, and payment of first and last month of lease, if applicable.
- Advise tenant of period property will be available for rental or lease, and determine if tenant intends to stay.
- Inform tenant that all monthly rents are due on the first of the month, and advise tenant that prompt payment of rent is mandatory in all cases.
- Advise tenant about Possessory Interest Tax (see Section 11.07.14.00).

11.02.04.00 Inspection of Property and Determination of Rental Rates

The Agent shall thoroughly inspect all property, including improvements, prior to acquisition or as soon as possible after acquisition. This inspection enables the Agent to become familiar with the property for purposes of reviewing the rental rate set by Appraisals and to note and abate any hazardous conditions that may exist.

11.02.05.00 Procedures Upon Acquisition

The start tenancy date must be entered in the RWPS Tenancy Screen as soon as the Agent is notified that acquisition is complete.

11.02.06.00 Establishing New Accounts

Written agreements covering rental and lease of all state property are required. The standard forms listed below shall be used but may be modified,

with approval of the DDC-R/W or delegated representative, to comply with actual conditions or when special situations arise.

TYPES OF AGREEMENTS	
Form No.	Type
RW 11-1	Rental Agreement
RW 11-2	Lease (Commercial, Industrial)
RW 11-3	Agricultural Lease
RW 11-4	Advertising Structure Agreement

First the Agent shall contact the RAP Unit to determine the RAP eligibility of each tenant occupying the property. The Agent shall then make any changes needed in the agreement to protect the tenant's RAP eligibility.

The Agent is responsible for seeing that agreements are processed promptly. The Agent shall have the tenant sign a minimum of two copies of the agreement and submit the agreement to the Property Manager for review before submitting it to the person authorized to execute on the state's behalf.

Each prospective tenant must complete a Rental Application, RW 11-5.

The Agent is responsible for collecting the initial rent and security deposits. (See Exhibit 11-EX-2 for departmental cash handling procedures.)

11.02.07.00 Rental Filing System

A uniform Rental Filing System is necessary for accurate and proper control of rented properties. Each rental account file shall be kept by account number. If files become too large for one folder, additional ones shall be started. To provide a complete parcel rental history for each rental unit, all folders for one parcel shall be kept in one place; for example, in an accordion-type folder with the parcel number on it. The rental file shall be in chronological order and shall contain the items shown below.

RENTAL FILE CONTENTS
<ul style="list-style-type: none"> • R/W Contract • MOS • Rental Application • Credit Report (if applicable) • Rental Rate Documentation • Rental Agreement (executed copy) • Invoices or paid bills for repairs • Property Management Rental Account Diary, RW 11-7, or alternative form (use is not mandatory but is strongly recommended) • Vacancy Report (if applicable) • FOC (if applicable)

When property is vacated and then re-rented, the previous tenant's file shall be kept intact in the rental folder, current tenant data at the front. Alternatively, the previous tenant's file may be kept separately in order by account number. The MOS, R/W Contract, and copy of the Move-Out Inspection Form (RW 11-8, Page 2) should be transferred to that new rental file with any other information that provides file continuity.

Each rental unit in a multiple unit parcel shall have its own rental unit number and may be filed in its own folder as long as all unit files are kept together under the parcel number.

11.02.08.00 New Property - Grantor Retains Improvements

Occasionally Caltrans enters into a R/W Contract that permits the owner to retain improvements if they are relocated by a certain date. If improvements are occupied at close of escrow, an appropriate ground rental shall be charged until the improvements have been removed, unless the R/W Contract provides for rent-free occupancy of the land. The Agent should discuss unique situations or uncertainties with the Property Manager or authorized representative before making a commitment. (See also Section 11.04.06.00.)

11.02.09.00 **Rental Period - Hardship**
Acquisition

On hardship acquisitions, grantors are required to vacate the property within 120 days from the date of close of escrow, provided replacement housing is available. The rental agreement is limited to a term of not more than 120 days, except in extreme cases where hardship would be compounded by requiring relocation within the 120-day period.

NOTES: